

April 8, 2003

To: Supervisor Yvonne Brathwaite Burke, Chair  
Supervisor Gloria Molina  
Supervisor Zev Yaroslavsky  
Supervisor Don Knabe  
Supervisor Michael D. Antonovich

From: David E. Janssen  
Chief Administrative Officer

Dennis A. Tafoya  
Affirmative Action Compliance Officer

J. Tyler McCauley  
Auditor Controller

Lloyd W. Pellman  
County Counsel

## **STATUS REPORT – EXPANDING APPLICABILITY OF LIVING WAGE PROGRAM**

On January 21, 2003, at the suggestion of Supervisor Molina and on motion of Supervisor Antonovich, the Board instructed the Chief Administrative Officer (CAO), County Counsel, Auditor-Controller and the Affirmative Action Compliance Officer to report back in 30 days on other County-related agencies that are not subject to the Living Wage Ordinance (LWO) and to prepare an amendment to the LWO for Board consideration that would make the LWO applicable to appropriate agencies.

On February 20, 2003, the CAO issued a status report advising that the designated departments had jointly reviewed agencies currently not subject to the LWO, the reasons why they are not subject to the LWO, and options to extend the Ordinance to those agencies. We also reported that County Counsel was researching the best approach to drafting such an amendment and that we would report back in 45 days with a proposed amendment to the LWO for your consideration.

As indicated below, we are recommending that you consider extending the living wage program to two agencies, the Community Development Commission and the Housing Authority of the County of Los Angeles (CDC and Authority). We have determined that amending the LWO would not be an effective method to extend the living wage program to the CDC and the Authority and, instead, we recommend that the program be applied by the promulgation of a CDC and Authority policy.

This memorandum provides a second status report on this project, including our findings and recommendations.

### **Background**

The County's LWO applies only to two types of County contracts. The first are personal service contracts subject to the County's Proposition A Ordinance (County Code Section 2.121), which allows the County to contract out work that can be performed by County civil service employees when the work can be performed more economically by outside contractors. The second are cafeteria food services contracts.

The genesis of the Board's instruction was awareness that the CDC and Authority were not implementing the County's LWO. The CDC and Authority are governmental entities legally separate and distinct from the County of Los Angeles, but whose governing boards are exclusively comprised of members of your Board. Employees of the CDC and Authority are not employed by the County of Los Angeles and are not protected by the civil service system. Also, the CDC and Authority are not subject to County ordinances. The CDC and Authority are governed by their own legal requirements and policies. Accordingly, the County's Proposition A Ordinance does not apply to the CDC or Authority and the LWO requirements have never been implemented in their contracting programs.

### **Review of Other Agencies**

In response to your Board's motion, we conducted a thorough review of various governmental entities that might be similarly situated to the CDC and Authority – entities with governing boards comprised of members of your Board. For example, we reviewed special districts administered by the County Department of Public Works (DPW). Some of these special districts are legally separate and distinct from the County of Los Angeles and have governing boards comprised of members of your Board. These special districts include the Los Angeles County Flood Control District

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and numerous waterworks districts. These special districts are operated by DPW employees. Because these special districts have been administered and operated by DPW, services for these special districts have been obtained through County contracts which have incorporated the LWO requirements.

Two governmental entities that might be similarly situated to the CDC and Authority are County Sanitation Districts Nos. 27 and 35. Although these two Districts are governed by boards comprised solely of members of your Board, they are legally separate and distinct from the County of Los Angeles and are administered and operated by employees who are not County employees. Also, these districts are not subject to County ordinances.

Through our review, we learned that, by agreement, District No. 27 contracts with the City of Los Angeles for waste water service and that District No. 35 is inoperative because no facilities were ever constructed. We further learned that the City's living wage program requirements are applicable to the services the City provides under contract on behalf of District No. 27. Indeed, all of the Sanitation Districts operate under a joint administrative agreement (including procurement of contracts) with one administrative staff headquartered in District No. 2 – the Joint Administrative Office. Accordingly, it would be impractical to attempt to apply the LWO to County Sanitation District No. 27 and unnecessary in light of the applicability of the City's living wage program.

As a result of our review, we are recommending that consideration be given to extending the living wage program to the CDC and the Authority. We have further determined that the method to accomplish this is not amending the LWO, because County Counsel has indicated that the CDC and Authority are not subject to County ordinances. Instead, County Counsel recommends that your Board, acting in its capacity as the Boards of Commissioners of the CDC and Authority, promulgate a policy that would apply similar living wage provisions to the CDC and the Authority. In conjunction with the CDC and Authority, County Counsel is preparing a proposed policy for consideration at a regular Board meeting within 30 days.

If you have any questions, please let one of us know or your staff may contact Nan Flette of this office at (213) 974-1168, or David Michaelson or Robert Cartwright of County Counsel at (213) 974-1832 and (213) 974-1879, respectively.

DEJ:DAT  
JTM: LWP:nl

c: Executive Officer, Board of Supervisors  
Executive Director, Community Development Commission/Housing Authority